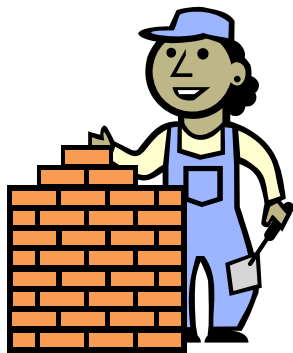


Construction costs in Delaware are competitive. Land prices are moderate and remain well below prices in neighboring states. Operating costs are at the national average. These factors translate into very attractive rental rates and building expenses for businesses in the State.

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DELAWARE'S BUILDING COSTS ARE AMONG THE LOWEST IN THE REGION:

Several factors help keep construction costs low in Delaware. These include:

- ❖ Land costs that are lower than other regional states
- ❖ Construction materials that are abundant locally
- ❖ Competitive construction wages
- ❖ Low building operating costs

FAVORABLE LOCATIONAL FACTORS:

The most widely used appraisal manual places Delaware's construction costs at the national average. The manual details factors which are used to compare the costs of standard buildings in various locations. Examples for 2005 include:

	Residential	Commercial
Wilmington, DELAWARE	1.01	1.02
Newark, DELAWARE	1.00	1.03
Dover, DELAWARE	1.00	1.03
Washington, DC	.93	.97
Baltimore, Maryland	.89	.93
Boston, Massachusetts	1.19	1.15
Newark, New Jersey	1.12	1.11
New York, New York	1.36	1.32
Philadelphia, Pennsylvania	1.14	1.14
U. S. Average	1.00	1.00

Source: From *Means Square Foot Cost Data 2005*
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INEXPENSIVE INDUSTRIAL SITES AND BUILDINGS:

Delaware land costs for suburban industrial development are lower than those in most other areas and very competitive regionally.

**Sales Prices of Prime Industrial Sites (2003)
(Per Square Foot, Suburban)**

	Improved		Unimproved
	2-5 Acres	10 or More	10-100 Acres
Wilmington, DELAWARE	\$ 2.50	\$ 2.00	\$.90
Phoenix, Arizona	5 - 15	5 - 15	3 - 7
Sacramento, California	4.00	3.50	1.80
Washington, DC (MD)	6.00	6.00	.67
Baltimore, Maryland	3.00 – 4.00	2.00 – 4.00	2.00 – 3.00
Boston, Massachusetts	NA	NA	NA
Southern New Jersey	2.00	1.60	.85
New York, New York	NA	NA	NA
Philadelphia, Pennsylvania	2.52 - 4.20	1.15 – 2.29	1.15 – 1.49

Source: Society of Industrial and Office REALTORS® , Washington, DC, *Comparative Statistics of Industrial and Office Real Estate Markets, 2004 Guide*, ranges averaged.

INEXPENSIVE INDUSTRIAL SITES AND BUILDINGS (continued):

In addition, sales prices of industrial buildings are competitive with the region. The following table describes these comparisons:

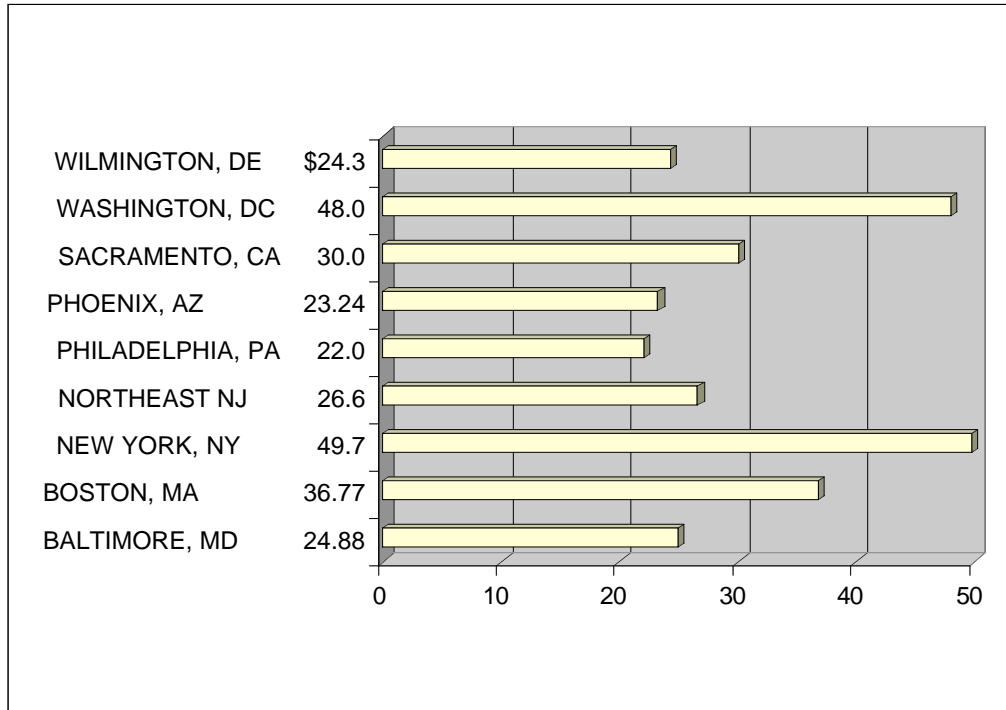
**Sales Price of Industrial Suburban Buildings - 2004
(Per Square Foot, Suburban)**

	More Than 250,000 <u>Square Feet</u>	40,000- 59,999 <u>Square Feet</u>	5,000- 19,999 <u>Square Feet</u>
Wilmington, DELAWARE	\$ 35 - 38	\$ 44 - 47	\$ 48 - 51
Phoenix, Arizona	20 - 30	60 - 100	60 - 120
Sacramento, California	43.00	65.00	80.00
Washington, DC (MD)	30.00	50.00	70.00
Baltimore, Maryland	25 - 35	35 - 60	50 - 80
Boston, Massachusetts	50 - 75	50 - 75	50 - 75
Southern New Jersey	15 - 30	33 - 45	52.00
New York, New York	NA	NA	NA
Philadelphia, Pennsylvania	26.07	40.00	52.81

Source: Society of Industrial and Office REALTORS® , Washington, DC, *Comparative Statistics of Industrial and Office Real Estate Markets, 2004 Guide*.

INEXPENSIVE INDUSTRIAL SITES AND BUILDINGS (continued):

**2003 OFFICE RENTAL RATES, CLASS A
IN CENTRAL BUSINESS DISTRICT (per square foot, weighted average)**



Source: Society of Industrial and Office REALTORS®, Washington, DC, *Comparative Statistics of Industrial and Office Real Estate Markets, 2004 Guide*

BUILDING COSTS ARE COMPETITIVE:

Local Construction Cost Index

	<u>2004</u>	<u>2005 Estimates</u>
Wilmington, DELAWARE	136.1	150.7
Washington, DC	126.8	142.8
Baltimore, Maryland	121.4	136.6
Boston, Massachusetts	154.1	170.0
Trenton, New Jersey	146.0	160.0
New York, New York	177.7	195.2
Philadelphia, Pennsylvania	148.4	167.4
National 30 City Average	132.8	148.5

Source: From *Means Square Foot Costs, 2005*
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